PROVINCE OF SASKATCHEWAN

11-12

ANNUAL REPORT

PUBLIC SERVICE
SUPERANNUATION BOARD

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This annual report is available in electronic format at **www.peba.gov.sk.ca**

Letters of Transmittal

Her Honour, The Honourable Vaughn Solomon Schofield
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I have the honour to submit herewith the eighty-fifth Annual Report of the Public Service Superannuation Board for the fiscal year ending March 31, 2012, pursuant to the provisions of Section 69 of *The Public Service Superannuation Act*.

Ken Krawetz
Minister in Charge
Public Service Superannuation Board

The Honourable Ken Krawetz
Minister in Charge
Public Service Superannuation Board

Sir:

On behalf of the Public Service Superannuation Board, I have the honour to present herewith the eighty-fifth Annual Report of the Public Service Superannuation Board for the fiscal year ended March 31, 2012.

Brian Smith
Board Chair

Chair's Comments

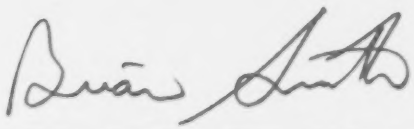
It is my privilege to serve as Chair for the Public Service Superannuation Board (the Board). The Board consists of three members appointed by the Lieutenant Governor in Council.

The Public Service Superannuation Plan (PSSP) came into effect on May 1, 1927. The enrolment of new members ended at the inception of the Public Employees Pension Plan (PEPP) on October 1, 1977. Therefore, this is a closed plan.

The Board's business plan goals, objectives and initiatives covers the six-year period of 2009-2015. This annual report details the activities accomplished in 2011-2012 and also reports on the initiatives for the previous years of the 6-year period.

In managing the assets of the Saskatchewan Transportation Company Employees Superannuation Fund, the Board reviews the performance of the Fund's investments in terms of the performance of a benchmark portfolio over rolling four-year periods. The Board measures the performance of the investment managers against the objectives set for that portfolio.

On behalf of the Board, I am presenting the 2011-2012 Annual Report for the Public Service Superannuation Plan.



Brian Smith
Board Chair

Introduction

The primary purpose of the Public Service Superannuation Board is to provide pension benefits to employees in the event of retirement and secondarily in the event of termination of employment. The Public Service Superannuation Plan (PSSP) also provides benefits to the dependents of deceased employees and superannuates in the event of death either prior, or subsequent, to retirement.

The Plan is a defined benefit pension plan. It provides a benefit based on an employee's highest earnings during specified periods taking into consideration their total years of service to a maximum of 35 years. Employees who are contributing to the Plan make contributions at a rate of seven per cent, eight per cent or nine per cent, depending on their age when they entered the Plan. This contribution is offset by an amount equal to 1.8 per cent of their pensionable earnings between the Year's Basic Exemption and the Year's Maximum Pensionable Earnings as defined on an annual basis by the Canada Pension Plan.

The Plan came into being on May 1, 1927 and is governed by *The Public Service Superannuation Act.*

The Act also governs employees of The Anti-Tuberculosis League and the Saskatchewan Transportation Company.

The Plan was closed to new members as of October 1, 1977.

Public Service Superannuation Board

The Board, which consists of three members appointed by the Lieutenant Governor in Council, is responsible for the administration of *The Public Service Superannuation Act* and *The Superannuation (Supplementary Provisions) Act*. At March 31, 2012, the Board was composed of three members (listed in Table 1.1).

Public Service Superannuation Board Members	
Brian Smith	Chair
Nathan Hagen	Member
Barry Nowoselsky	Member

Table 1.1

Members of the Board receive no compensation for the performance of their roles as Board members. They are remunerated for reasonable expenses for attending Board meetings and other functions in their capacity as Board members.

Administration

The Board is ultimately responsible for the Plan's administration, communication and investment activities. To discharge these responsibilities, the Board uses the services of various organizations. The Public Employees Benefits Agency (PEBA) has responsibility for the operation, administration and management of several superannuation plans and other employee benefits programs. PEBA provides the following administrative services for the Public Service Superannuation Plan:

- pension estimates on retirement, termination, death, and breakdown of spousal relationships,
- annual member statements by the end of June each year;
- calculation of termination, pension, and death benefits;
- accounting for all investment transactions;
- collection of members' and employers' contributions; and
- executive management services to the Board.

PEBA is responsible for ensuring that all transactions are made in accordance with *The Public Service Superannuation Act, The Superannuation (Supplementary Provisions) Act*, and their related regulations.

The Board retains Greystone Managed Investments Inc. as the investment manager for the Saskatchewan Transportation Company Employees Superannuation Fund. Aon Hewitt is retained as the investment consultant for the Fund.

Mission

The Board's mission as the Plan's administrator is to manage the Plan solely in the best interests of the members.

Business Plan Goals, Objectives and Initiatives

In 2009, the Board adopted its multi-year Business Plan to achieve the Plan's goals through to 2014-2015.

The Business Plan allows the Board to focus on making key decisions to set a clear direction for the future of the Plan. Annual reports are used to assess overall progress toward goals and initiatives and to adjust future plans and activities.

The Business Plan sets out initiatives for the planning period within four business goals.

1. **Service Delivery, Design and Communications**

   Plan members have access to the information needed to make decisions about their retirement.

2. **Plan Governance**

   The Board's governance processes ensure the Board has the information it needs to provide effective oversight of the Plan.

3. **Accountability**

   The activities of the Board and its service providers are reported.

4. **Risk Management**

   Risks facing the Plan are identified and effective strategies are employed to manage those risks.

The initiatives used to support these goals and the associated objectives are not time bound. Rather, they are initiatives that are required to be undertaken on an ongoing basis.

Business Plan Goals, Objectives and Initiatives

1. Service Delivery, Design and Communications

Plan members have access to the information they need to make informed decisions with respect to their retirement.

The immediate focus of service delivery is on the remaining non-retired active members of the Plan until such time as all or substantially all of the active members are retired. The primary focus will then shift to service delivery for retired members.

Objective

- Plan members have access to the information they require to make the decisions about their retirement.

Activities Accomplished in 2011-2012

- Retire*With*Ease, the Plan's retirement planning session, is available to all members of the plans that PEBA administers. These sessions are scheduled throughout the year at various Saskatchewan locations. The schedule, locations and information materials are available on the Plan website.

- Members and the employers have access to Plan information via the Plan website, PEBA administration staff and Retire*With*Ease sessions. Communication materials include the member booklet, InfoSheet publications, Annual Reports, Statement of Investment Policies and Goals (SIP&G) for the Saskatchewan Transportation Company Employees Superannuation Fund, Employer Administration Guide and information sheets, and online pension-related articles.

- The annual member statements were issued on June 9, 2011.

Activities Planned through to 2014-2015

- Continued review, monitoring and reporting of the ongoing activities related to service delivery, design and communications. These ongoing activities include the continued delivery of Retire*With*Ease and member and employer communication materials.

Business Plan Goals, Objectives and Initiatives

2. Plan Governance

The Board's governance processes ensure the Board has the information needed to provide effective oversight of the Plan. The Board has developed its governance practices and policies in recent years and will continue to implement and maintain its governance program.

Objectives

- The Board has the information it needs.
- The governance model is appropriate.

Activities Accomplished in 2011-2012

- The Board reviewed and approved amendments to the Business Plan for the period 2010-2011 to 2014-2015 at its June 2011 Board meeting.
- The Board approved its updated Governance Manual at its November 2011 Board meeting.
- The Board reviewed and signed its Code of Conduct and Conflict of Interest Procedures at its November 2011 Board meeting.
- The Board reviewed and approved the Governance Self-Assessment Questionnaire at its March 2012 Board meeting. The questionnaire is available on the Plan website under Plan Governance.
- The Board received the PEBA Quarterly Administration Report 2011-2012 for the periods ending March 31, September 30, and December 31 at its Board meetings in June 2011, November 2011 and March 2012, respectively. The Board received the report for the period ending June 30, 2011 via e-mail in August 2011. The Administration Report provides the Board with updates in regard to the financial statements, budget, Plan administration, PEBA administration, and PEBA risk management.
- In March 2012, the Minister of Finance approved a recommendation by the Board indicating that it is appropriate to undertake a review of the governance model for the Plan.

Activities Planned through to 2014-2015

- Undertake a review of the governance model for the Plan.
- Continued review, monitoring and reporting of the ongoing activities related to plan governance. These ongoing activities include the quarterly administration reporting process, annual review of the Governance Manual, annual review of the Code of Conduct and Conflict of Interest Procedures, and annual self-assessment process.

Business Plan Goals, Objectives and Initiatives

3. Accountability

The activities of the Board and its service providers are reported. Effective plan management requires a strong focus on accountability, the basis of which is the establishment of measurable objectives and the monitoring of progress against these objectives. To ensure accountability, the reporting of results is critical.

The Board has established administration service standards and a Statement of Investment Policies and Goals (SIP&G) for the Fund.

Objective

- The Board reports results to stakeholders.

Activities Accomplished in 2011-2012

- The Public Service Superannuation Plan Annual Report for the period ending March 31, 2011 was tabled with the Legislative Assembly of Saskatchewan on July 21, 2011. The Annual Report is available on the Plan website under Annual Reports.
- The Board approved the SIP&G for the Saskatchewan Transportation Company Employees Superannuation Fund at its Board meeting in June 2011. The SIP&G is available on the Plan website under Investment Policies.
- The Governance Self-Assessment Questionnaire, as approved at the Board's March 2012 meeting, is available on the Plan website under Plan Governance.

Activities Planned through to 2014-2015

- Continued review, monitoring and reporting of the ongoing activities related to accountability. These ongoing activities include review and identification of enhancements to the Plan's website and Annual Report.

Business Plan Goals, Objectives and Initiatives

4. Risk Management

Risks facing the Plan are identified and strategies are employed to manage those risks.

Effective governance requires a strong focus on risk management, the basis of which is the identification and quantification of risks, and the development and implementation of effective strategies to manage the risks.

The Board has established an annual risk-management planning process. This includes the identification of risks and the development and implementation of strategies to manage the risks. The Board also annually reviews the results of its risk-management process.

Objectives

- The Board identifies and manages the risks of the Plan.
- The Statement of Investment Policies and Goals (SIP&G) for the Saskatchewan Transportation Company Employees Fund is appropriate.

Activities Accomplished in 2011-2012

- The Board approved its 2010-2011 Risk Management Review and 2011-2012 Risk Management Plan at its Board meeting in June 2011.
- The Board approved the SIP&G for the Saskatchewan Transportation Company Employees Superannuation Fund at its Board meeting in June 2011. The SIP&G is available on the Plan website under Investment Policies.
- The Board received notification that the latest version of PEBA's Business Continuity Plan and Disaster Recovery Plan was filed with its Executive Secretary on January 11, 2011.
- The Board received confirmation at its meeting in November 2011 that all of its service providers adhere to a code of conduct and conflict of interest policy, and that all have a Business Continuance Plan in place.

Activities Planned through to 2014-2015

- In 2013, as part of a bi-annual review, service providers will be required to confirm their adherence to a code of conduct and conflict of interest policy, and to confirm that they have a Business Continuance Plan for their organizations.
- Review the SIP&G for the Saskatchewan Transportation Company Employees Superannuation Fund to ensure it is appropriate in terms of meeting the on-going cash needs of the Saskatchewan Transportation Company portion of the Plan.
- Continued review, monitoring and reporting of the annual risk management planning and review process.

Investments

Investment Performance

The Minister of Finance is responsible for holding in trust and investing the monies in the Saskatchewan Transportation Company Employees Superannuation Fund (the Fund). The Minister has delegated these responsibilities to the Public Service Superannuation Board, who in turn have retained the services of Greystone Managed Investments Inc. to be the investment manager.

The investment manager makes the day-to-day decision of whether to buy or sell specific investments in order to achieve the long-term investment performance goals set out by the Board in their Statement of Investment Policies and Goals for the Fund.

The Fund's long-term investment performance objective is to outperform a benchmark portfolio constructed as shown in *Table 1.2.*

Benchmark Portfolio		
Asset Class	**Market Index**	**Weight**
Canadian	S&P/TSX Capped Composite Index	15%
US	S&P 500 Index	10%
Non-North American	MSCI EAFE Index	10%
Fixed Income Bonds	DEX Universe Bond Index	60%
Short-Term Investments	DEX 91 Day T-Bill Index	5%
Total		100%
See Appendix 'A' for a description of market indices.		

Table 1.2

The objective of the Fund is to achieve a return that is equal to or greater than the return achieved from this benchmark portfolio over a rolling four-year period.

It is against this objective that the Board assesses the performance of the investment manager.

The performance history of the Fund as of March 31, 2012 is shown in *Table 1.3.*

Fund Performance		
	1-Year Return	**Rolling 4-Year Average**
Fund Return	4.0%	4.0%
Benchmark Return	5.2%	4.2%

Table 1.3

Plan Administration

The Board has delegated the day-to-day administration of the Plan and management of its assets to PEBA.

PEBA provides all services required to operate, administer and manage the Plan in a manner consistent with and according to all statutory provisions and regulations that apply to the Plan. PEBA reports measurement against standards to the Board quarterly. *Table 1.4* provides measurement results for the 2011-2012 year.

PEBA provides Senior Executive Officer services and Executive Secretary services to the Board.

In 2011-2012, the Board paid PEBA $1,225,119 for administrative services.

Any deficiencies in the Plan are paid out of the General Revenue Fund and are the responsibility of the Government of Saskatchewan. For the most part the Plan is unfunded, although some monies are held in the Saskatchewan Transportation Company Employees Superannuation Fund.

PEBA Service Standards April 1, 2011 to March 31, 2012

Task	Completed	Number that Meet or Exceed Standard	% that Meet or Exceed Standard	Standard* (Days)
Statement on termination	0	0	0.0	60
Payments	1	1	100.0	14
Retirements	195	183	93.8	30
Deaths	274	252	92.0	30
Pension estimates	282	245	86.9	60
Spousal breakdown calculations	4	0	0.0	45
Reciprocal transfer values	0	0	n/a	30
Purchase of service	23	8	34.8	30
General inquiries	8	7	87.5	14
Total	787	696	88.4	-

** Standard is set by agreement between the Board and PEBA.*

Table 1.4

Plan Expenditures and Statistics

Benefit Payments

Benefit payments are made in accordance with the Plan rules due to retirement of employees, termination of employment and death benefits – either due to death of an employee or a superannuate.

Annual pensions are calculated as two per cent of a member's average salary during the five years of highest salary, multiplied by the total number of years of service to a maximum of 35 years. At age 65, members' pensions are reduced due to integration with the Canada Pension Plan.

In the year ended March 31, 2012, PSSP paid a total of $128.3 million in benefits to pensioners, including retired employees of the Saskatchewan Transportation Company and The Anti-Tuberculosis League.

Contributions to the Plan

In accordance with the contribution schedules, employee contributions to the Plan during the year totaled $940,000. This compares to $1,731,000 as of the previous fiscal year end. In addition, employer contributions were made to the Plan during the year, totaling $211,000, a decrease from $595,000 the previous year.

Table 1.5 shows the number of active and retired employees in the Plan as of the current and prior year-ends.

Active and Retired Employees

	March 31, 2012			March 31, 2011		
	PSSP	**Anti-TB**	**STC**	**PSSP**	**Anti-TB**	**STC**
Active Employees	431	0	3	623	0	4
Inactive Employees	85	2	5	94	2	5
Retired Employees*	5,710	42	114	5,703	45	114
	6,226	**44**	**122**	**6,420**	**47**	**123**

** Includes superannuates, plus their dependants now in receipt of a survivor pension*

Table 1.5

These tables are summaries that show the total number of death benefits paid on behalf of superannuates who died during the year and benefits upon termination of employment other than retirement.

Death Benefit Summary

	March 31, 2012	March 31, 2011
Superannuate Survivor Pension	83	95
Superannuate Cash Benefit	2	1
Totals	**85**	**96**

Table 1.6

Termination of Employment Summary

	March 31, 2012	March 31, 2011
Cancel Deferred	1	1
Termination of Membership	3	1
Reciprocal Transfers	-	-
Totals	**4**	**2**

Table 1.7

Plan Expenditures and Statistics

Table 1.8 summarizes all employees who retired during the year, including employees of the Saskatchewan Transportation Company and The Anti-Tuberculosis League.

The table is divided by category of retirement and includes employees who terminated and elected retirement at a future date, as well as those who died during the year.

Employee Retirement Summary		
	March 31, 2012	**March 31, 2011**
Attained Age 65	4	7
Attained Age 60 - with reduction	-	-
Attained Age 60 - no reduction	8	13
Attained 35 years of Service	183	162
Age 55 and 30 years service - reduced pension	0	3
Ill Health Pension	-	-
Granted Deferred Allowance	-	-
Deferred Allowance now Payable	5	5
Early Retirement Allowance	-	-
Deceased Employees	6	2
Totals	**206**	**192**

Table 1.8

Management's Report

To the Members of the Legislative Assembly of Saskatchewan

Administration of the Plan is presently assigned to the Public Employees Benefits Agency of the Ministry of Finance. Management is responsible for financial administration and administration of the Funds and fund assets.

The financial statements which follow have been prepared by management in conformity with Canadian accounting standards for pension plans as outlined in the Canadian Institute of Chartered Accountants (CICA) Handbook Section 4600, Pension Plans. For matters not addressed in Section 4600, International Financial Reporting Standards (IFRS) have been followed. Management uses internal controls and exercises its best judgment in order that the financial statements fairly reflect the financial position of the Plan.

The pension obligations are determined by an actuarial valuation. Actuarial valuation reports require best judgment in order that the financial statements reflect fairly the financial position of the Plan.

The financial statements have been audited by the Provincial Auditor whose report follows.

Brian Smith
Assistant Deputy Minister
Public Employees Benefits Agency

Ann Mackrill
Executive Director, Pension Programs
Public Employees Benefits Agency

Kara Marchand, CMA
Director, Corporate Services
Public Employees Benefits Agency

Regina, Saskatchewan
June 21, 2012

Actuaries' Opinion

Aon Hewitt was retained by the Public Service Superannuation Board (the Board) to perform actuarial valuations of the pension obligations of the Public Service Superannuation Plan, including the Public Service Superannuation Fund, the Anti-Tuberculosis League Employees Superannuation Fund, and the Saskatchewan Transportation Company Employees Superannuation Fund (the Plan) on an accounting basis as at December 31, 2011. Aon Hewitt was further retained to extrapolate the results of this valuation to March 31, 2012.

The actuarial valuations and extrapolations were based on:

- Membership data provided by the Board as at December 31, 2011;
- Asset data provided by the Board as at March 31, 2012;
- Methods prescribed by The Canadian Institute of Chartered Accountants for pension plan financial statements; and
- Assumptions about future events (economic and demographic) which were developed by management and Aon Hewitt and are considered as management's best estimate of these events.

While the actuarial assumptions used to estimate the present value of the pension obligations for the Plan's financial statements contained in the Annual Report represent management's best estimate of future events, and while in our opinion these assumptions are not unreasonable, the Plan's future experience will differ from the actuarial assumptions. Emerging experience differing from the assumptions will result in gains or losses that will be revealed in future valuations, and will affect the financial position of the Plan.

We have tested the data for reasonableness and consistency with prior valuations and in our opinion the data are sufficient and reliable for the purposes of the valuations and extrapolations. Our opinions have been given and our valuations and extrapolations have been performed in accordance with accepted actuarial practice.

David R. Larsen, FSA, FCIA
Aon Hewitt

June 21, 2012

Public Service Superannuation Board

Public Service Superannuation Plan

Financial Statements

Year Ended March 31, 2012

Independent Auditor's Report

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Public Service Superannuation Plan, which comprise the statement of financial position as at March 31, 2012, March 31, 2011 and April 1, 2010 and the statement of changes in net assets available for benefits and statement of changes in pension obligations for the years ended March 31, 2012 and March 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans for Treasury Board's approval and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

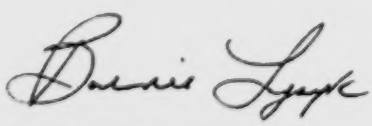
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Public Service Superannuation Plan as at March 31, 2012, March 31, 2011 and April 1, 2010 and the changes in net assets available for benefits and changes in accrued pension obligations for the years ended March 31, 2012 and March 31, 2011 in accordance with Canadian accounting standards for pension plans.



Regina, Saskatchewan
June 21, 2012

Bonnie Lysyk, MBA, CA
Provincial Auditor

Public Service Superannuation Plan
Statement of Financial Position

Statement 1

As At March 31

	Anti-Tuberculosis League Employees Superannuation Fund (000's)		Sask. Transportation Company Employees Superannuation Fund (000's)		Public Service Superannuation Fund (000's)		Total (000's)		
	2012	2011	2012	2011	2012	2011	2012	2011	April 1, 2010 (Note 3)
ASSETS									
INVESTMENTS: (Note 4)									
Pooled funds	$ -	$ -	$ 5,184	$7,043	$ -	$ -	$ 5,184	$7,043	$8,581
RECEIVABLES:									
Due from General Revenue Fund (Note 6)	1	-	3	12	-	-	4	12	7
Deficiency contribution due from GRF (Note 7)	8	-	-	-	281	193	289	193	-
Employees' contributions	-	-	-	-	5	8	5	8	60
Employers' contributions	-	-	-	-	3	5	3	5	22
Other receivables	-	2	-	-	-	2	-	4	41
Total assets	9	2	5,187	7,055	289	208	5,485	7,265	8,711
LIABILITIES									
Contributions payable to General Revenue Fund	-	-	-	-	-	-	-	-	36
Accounts payable and accrued liabilities	9	2	19	12	289	208	317	222	96
Total liabilities	9	2	19	12	289	208	317	222	132
NET ASSETS AVAILABLE FOR BENEFITS (Statement 2)	-	-	5,168	7,043	-	-	5,168	7,043	8,579
Pension obligations (Statement 3, Note 5)	2,775	2,957	25,465	25,286	2,085,497	1,910,768	2,113,737	1,939,011	1,927,405
Unfunded liability	$2,775	$2,957	$20,297	$18,243	$2,085,497	$1,910,768	$2,108,569	$1,931,968	$1,918,826

(See accompanying notes to the financial statements)

Public Service Superannuation Plan
Statement of Changes in Net Assets Available for Benefits

Statement 2

Year Ended March 31

	Anti-Tuberculosis League Employees Superannuation Fund (000's)		Sask. Transportation Company Employees Superannuation Fund (000's)		Public Service Superannuation Fund (000's)		Total (000's)	
	2012	2011	2012	2011	2012	2011	2012	2011
INCREASE IN ASSETS:								
Investment income								
Distributions-Pooled Funds	$ -	$ -	$ 203	$ 315	$ -	$ -	$ 203	$ 315
	-	-	203	315	-	-	203	315
Increase in market value (Note 3)	-	-	20	340	-	-	20	340
Contributions								
Employees' (Note 13)	-	-	3	7	937	1,724	940	1,731
Employers' (Note 13)	-	-	3	7	208	588	211	595
	-	-	6	14	1,145	2,312	1,151	2,326
Deficiency contribution from General Revenue Fund (Note 7)	373	408	-	-	125,315	119,065	125,688	119,473
Total increase in assets	373	408	229	669	126,460	121,377	127,062	122,454
DECREASE IN ASSETS:								
Administration expense (Note 8)	19	12	61	55	-	-	80	67
Superannuation allowances	354	396	2,043	2,071	125,893	120,392	128,290	122,859
Refunds and transfers (Note 13)	-	-	-	79	567	985	567	1,064
Total decrease in assets	373	408	2,104	2,205	126,460	121,377	128,937	123,990
Net decrease in assets	-	-	(1,875)	(1,536)	-	-	(1,875)	(1,536)
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	-	-	7,043	8,579	-	-	7,043	8,579
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR (Statement 1)	$ -	$ -	$ 5,168	$7,043	$ -	$ -	$ 5,168	$7,043

(See accompanying notes to the financial statements)

Public Service Superannuation Plan
Statement of Changes in Pension Obligations

Statement 3

Year Ended March 31

	Anti-Tuberculosis League Employees Superannuation Fund (000's)		Sask. Transportation Company Employees Superannuation Fund (000's)		Public Service Superannuation Fund (000's)		Total (000's)	
	2012	2011	2012	2011	2012	2011	2012	2011
PENSION OBLIGATIONS, BEGINNING OF YEAR	$2,957	$3,191	$25,286	$25,564	$1,910,768	$1,898,650	$1,939,011	$1,927,405
INCREASE IN PENSION OBLIGATIONS								
Change in assumptions (Note 5)	170	44	1,729	634	231,473	45,575	233,372	46,253
Interest on pension obligations	131	147	1,396	1,410	87,047	90,465	88,574	92,022
Pension obligations accrued	-	-	16	34	5,002	9,127	5,018	9,161
	301	191	3,141	2,078	323,522	145,167	326,964	147,436
DECREASE IN PENSION OBLIGATIONS								
Pension obligations paid	354	396	2,043	2,150	126,456	121,377	128,853	123,923
Net experience gain (Note 5)	129	29	919	206	22,337	11,672	23,385	11,907
	483	425	2,962	2,356	148,793	133,049	152,238	135,830
PENSION OBLIGATIONS, END OF YEAR (Statement 1, Note 5)	$2,775	$2,957	$25,465	$25,286	$2,085,497	$1,910,768	$2,113,737	$1,939,011

(See accompanying notes to the financial statements)

Public Service Superannuation Plan
Notes to the Financial Statements

March 31, 2012

1. Description of the Plan

a) **General**

The Public Service Superannuation Board (Board) administers the funds that make up the Public Service Superannuation Plan (Plan). Day-to-day administration is provided by the Public Employees Benefits Agency (PEBA).

The Plan is a defined benefit final average pension plan. Plan details are contained in *The Public Service Superannuation Act* and *The Superannuation (Supplementary Provisions) Act*. The three main components of the Plan are described as follows:

i) Anti-Tuberculosis League Employees Superannuation Fund

The Anti-Tuberculosis League Employees Superannuation Fund (AntiTB Fund) was established under provisions of an amendment to *The Public Service Superannuation Act*, effective April 1, 1979.

ii) Saskatchewan Transportation Company Employees Superannuation Fund

The Saskatchewan Transportation Company Employees Superannuation Fund (STC Fund) was established by an amendment to *The Public Service Superannuation Act*, effective April 1, 1981. The STC Fund accumulates contributions of employees of the Saskatchewan Transportation Company as of March 31, 1981 and any investment income.

iii) Public Service Superannuation Fund

Members of the Public Service Superannuation Fund (PSSF) include those public service employees who were employed prior to October 1, 1977 and did not elect to transfer to the Public Employees Pension Plan prior to October 1, 1978.

b) **Funding Policy**

Members contribute at the rate of 7%, 8% or 9% of salary depending on their age at the date of commencement of employment. Contributions are reduced by an amount equal to deemed Canada Pension Plan contributions.

Certain employers are required to match employees' contributions in respect of current service.

c) **Retirement**

Normal retirement is at age 65. Members may retire earlier under certain conditions.

d) **Pensions**

Annual pensions are calculated as 2% of a member's average salary during the five years of highest salary, multiplied by the total number of years of service to a maximum of 35. At age 65, members' pensions are reduced due to integration with the Canada Pension Plan.

e) **Income Tax**

The Plan is a registered pension plan as defined by the *Income Tax Act (Canada)* and accordingly, is not subject to income taxes. Allowances and refunds are subject to withholding taxes that are remitted to Canada Revenue Agency.

2. Basis of Preparation

a) **Statement of compliance**

The financial statements for the year ended March 31, 2012 have been prepared in accordance with Canadian accounting standards for pension plans as outlined in the Canadian Institute of Chartered Accountants (CICA) Handbook Section 4600, *Pension Plans*. For matters not addressed in Section 4600, International Financial Reporting Standards (IFRS) have been followed.

The Plan's financial statements were previously prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP). While previous Canadian GAAP differs in some areas from Section 4600 and IFRS, there were no differences that affected the financial statements of the Plan.

These financial statements were authorized and issued by the Board on June 21, 2012.

b) **Basis of measurement**

The financial statements have been prepared on the historical cost basis except for financial instruments which have been valued at fair value.

c) **Functional and presentation currency**

These financial statements are presented in Canadian dollars, which is the Plan's functional currency, and are rounded to the nearest thousand unless otherwise stated.

3. Significant Accounting Policies

The significant accounting policies are as follows:

a) **Basis of Accounting**

These financial statements are prepared on the going-concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the sponsor and plan members. They are prepared to assist Plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the Plan or the benefit security of individual plan members.

b) **Investments**

Pooled fund investments are valued at the unit value supplied by the pooled-fund administrator, which represent the underlying net assets of the pooled fund at fair values determined using closing bid prices.

The change in the market value of investments during the year is reflected on the financial statements as a market-value adjustment.

c) **Investment Transactions and Income**

Investment transactions are recorded on the trade date. Transactions conducted in foreign currencies are translated into Canadian dollars using the exchange rate in effect at the transaction date. Dividend income is recognized on the record date. Monetary items denominated in foreign currency are translated at the exchange rate in effect at year-end.

d) **Use of estimates**

The preparation of financial statements in accordance with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and changes in estimates are recorded in the accounting period in which they are determined. The most significant estimation process is related to the actuarial determination of the pension obligation (Note 5).

e) **Adoption of new Accounting Standards**

Effective April 1, 2011, the financial statements have been prepared in accordance with Canadian accounting standards for pension plans as outlined in the CICA handbook, section 4600, *Pension Plans*. These standards were required to be adopted with retrospective restatement. The transition to the new standards did not result in any changes to prior year figures. The opening statement of financial position in accordance with Section 4600 as of April 1, 2010 has been disclosed for comparative purposes.

f) **Future Accounting Changes**

A number of new standards, amendments to standards and interpretations which become effective for annual periods beginning on or after January 1, 2013 and which may have an impact on the Plan include: IFRS 9, Financial Instruments; IFRS 12, Disclosure of interests in Other Entities; and, IFRS 13, Fair Value Measurement. The extent of the impact on adoption of these standards is not known at this time, but is not expected to be material.

4. Investments

The Saskatchewan Transportation Company Employees Superannuation Fund limits its investments in foreign equities including foreign pooled funds to 30% of the market value of the investment portfolio and are denominated in Canadian dollars. The STC Fund's units in pooled funds have no fixed interest rate and the returns are based on the success of the fund manager. The STC Fund's pooled funds are comprised of the following:

2012 (in thousands)

	Units Held	% of Total Units Outstanding	Market Value	Investment Income and Change in Market Value
Greystone Fixed Income Fund	267	0.44	$2,877	$ 356
Greystone Canadian Equity Fund	36	0.04	796	(150)
Greystone EAFE Plus Fund	-	-	-	(91)
Greystone EAFE Growth Fund	61	0.03	541	60
Greystone EAFE Quantitative Fund	-	-	-	(7)
Greystone US Equity Fund	48	0.30	567	51
Greystone Money Market Fund	40	0.12	403	4
			$5,184	$ 223

2011 (in thousands)

	Units Held	% of Total Units Outstanding	Market Value	Investment Income and Change in Market Value
Greystone Fixed Income Fund	393	0.78	$4,052	$ 284
Greystone Canadian Equity Fund	43	0.05	1,126	201
Greystone EAFE Plus Fund	101	0.06	790	60
Greystone US Equity Fund	76	0.51	825	108
Greystone Money Market Fund	25	0.10	250	2
			$7,043	$655

April 1, 2010 (in thousands)

	Units Held	% of Total Units Outstanding	Market Value	Investment Income and Change in Market Value
Greystone Fixed Income Fund	492	1.07	$5,088	$ 422
Greystone Canadian Equity Fund	64	0.08	1,459	486
Greystone EAFE Plus Fund	125	0.06	927	224
Greystone US Equity Fund	87	0.59	851	104
Greystone Money Market Fund	26	0.15	256	1
			$8,581	$1,237

The Greystone EAFE Plus Fund holds units in the Greystone EAFE Quantitative Fund and the Greystone EAFE Growth Fund. These funds may use derivative financial instruments such as foreign currency forward exchange contracts and future contracts for hedging foreign currency and replicating indexes.

Derivative financial instruments are financial contracts that change in value resulting from changes in underlying assets or indices. Derivatives transactions are conducted in over-the-counter markets directly between two counterparties or on regulated exchange markets. All derivative financial instruments are recorded at market value using market prices. Where market prices are not readily available, other valuation techniques are used to determine market value.

Fair Value

The Saskatchewan Transportation Company Employees Superannuation Fund has classified its required fair valued financial instrument holdings using a hierarchy that reflects the significance of the inputs used in determining their measurements.

Under the classification structure, financial instruments recorded at unadjusted quoted prices in active markets for identical assets and liabilities are classified as Level 1. Instruments valued using inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly are classified as Level 2. Instruments valued using inputs that are not based on observable market data are classified as Level 3.

The Plan presently holds only financial instruments that are classified as Level 2. There were no items transferred between levels in 2012 or 2011.

5. Pension Obligations

Public Service Superannuation Fund:

An actuarial valuation of the Public Service Superannuation Fund was performed as at December 31, 2011 and extrapolated to March 31, 2012 by Aon Hewitt. The actuary used the projected benefit method prorated on service to determine the actuarial present value of pension obligations in respect of service to the valuation date. The next triennial valuation is due December 31, 2014.

The pension obligation is based on a number of assumptions about future events including: discount rate, rate of salary increase, mortality, retirement rates and inflation. The actual rates may vary significantly from the long-term assumptions used. There has been a change in the discount rate since the previous extrapolation done in 2011. The discount rate is based on the yield on Saskatchewan provincial bonds with cash flows that match the timing and amount of expected benefit payments. This yield has decreased from 4.70% to 3.60%, resulting in an increase in the pension obligations. In addition, the mortality improvements in the 1994 Uninsured Pensioner Mortality Table have been changed to a generational projection, as compared to 2022 for the previous extrapolation. This change also increased the pension obligations.

Significant long-term actuarial assumptions used in determining the pension obligations were:

	2012	2011	April 1, 2010
Salary escalation rate	3.50%	3.50%	3.50%
Inflation rate	2.50%	2.50%	2.50%
Discount rate	3.60%	4.70%	4.90%
Mortality table	1994 UPM with generational projection	1994 UPM (projected to 2022)	1994 UPM (projected to 2020)
Indexing	1.75% (70% CPI)	1.75% (70% CPI)	1.75% (70% CPI)

The net experience gain is due to terminations being greater than expected, indexing being less than expected, mortality being greater than expected and retirement experience being different than expected offset by salary escalations being greater than anticipated.

The following illustrates the effect on the pension benefits of changing the estimated rates of inflation, salary escalation and discount rate.

	Long-term Assumptions					
Effect on Pension Obligations	Inflation*		Salary		Discount Rate	
	3.5%	1.5%	4.5%	2.5%	4.6%	2.6%
(Decrease) increase in obligation	(3.3%)	3.5%	0.01%	(0.01%)	(10.2%)	12.3%

* A change in the inflation rate of 1% has a corresponding change in the discount rate and salary scale of 1%.

Anti-Tuberculosis League Employees Superannuation Fund:

An actuarial valuation of the Anti-Tuberculosis League Employees Superannuation Fund was performed as at December 31, 2011 and extrapolated to March 31, 2012 by Aon Hewitt. The actuary used the projected benefit method prorated on service to determine the actuarial present value of pension obligations in respect of service to the valuation date. The next triennial valuation is due December 31, 2014.

The pension obligation is based on a number of assumptions about future events including: discount rate, mortality, retirement rates and inflation. The actual rates may vary significantly from the long-term assumptions used. There has been a change in the discount rate since the previous extrapolation done in 2011. The discount rate is based on the yield on Saskatchewan provincial bonds with cash flows that match the timing and amount of expected benefit payments. This yield has decreased from 4.70% to 3.60%, resulting in an increase in the pension obligations. In addition, the mortality improvements in the 1994 Uninsured Pensioner Mortality Table have been changed to a generational projection, as compared to 2017 for the previous extrapolation. This change also increased the pension obligations.

Significant long-term actuarial assumptions used in determining the pension obligations were:

	2012	2011	April 1, 2010
Inflation rate	2.50%	2.50%	2.50%
Discount rate	3.60%	4.70%	4.90%
Mortality table	1994 UPM with generational projection	1994 UPM (projected to 2017)	1994 UPM (projected to 2016)
Indexing	1.75% (70% CPI)	1.75% (70% CPI)	1.75% (70% CPI)

The net experience gain is due to mortality being greater than expected, retirement experience being less than expected and indexing being less than projected.

The following illustrates the effect on the pension obligations of changing the estimated rates of inflation and discount rate.

	Long-term Assumptions			
Effect on Pension	Inflation*		Discount Rate	
Obligations	3.5%	1.5%	4.6%	2.6%
(Decrease) increase in obligation	(2.5%)	2.7%	(6.2%)	7.1%

* A change of 1% in the inflation rate has a corresponding change in the discount rate of 1%.

Saskatchewan Transportation Company Employees Superannuation Fund:

An actuarial valuation of the Saskatchewan Transportation Company Employees Superannuation Fund was performed as at December 31, 2011 and extrapolated to March 31, 2012 by Aon Hewitt. The actuary used the projected benefit method prorated on service to determine the actuarial present value of pension obligations in respect of service to the valuation date. The next triennial valuation is due December 31, 2014.

The pension obligation is based on a number of assumptions about future events including: discount rate, rate of salary increase, mortality, retirement rates and inflation. The actual rates may vary significantly from the long-term assumptions used. There has been a change in the discount rate since the previous extrapolation done in 2011. The ultimate discount rate is based on the yield on Saskatchewan provincial bonds with cash flows that match the timing and amount of expected benefit payments after the exhaustion of the invested assets of the plan, which are expected to earn 5.50% per annum. This yield has decreased from 4.80% to 3.70%, resulting in an increase in the pension obligations. In addition, the mortality improvements in the 1994 Uninsured Pensioner Mortality Table have been changed to a generational projection, as compared to 2020 for the previous extrapolation. This change also increased the pension obligations.

Significant long-term actuarial assumptions used in determining the pension obligations were:

	2012	2011	April 1, 2010
Salary escalation rate	3.50%	3.50%	3.50%
Inflation rate	2.50%	2.50%	2.50%
Discount rate	5.50% for 3 years, 3.70% thereafter	5.75% for 4 years, 4.80% thereafter	5.75% for 4 years, 5.00% thereafter
Mortality table	1994 UPM with generational projection	1994 UPM (projected to 2020)	1994 UPM (projected to 2018)
Indexing	1.75% (70% CPI)	1.75% (70% CPI)	1.75% (70% CPI)

The net experience gain is due to mortality experience being higher than expected, salary escalation being lower than expected, investment earnings being higher than the discount rate, retirement experience being lower than anticipated and indexing being lower than projected offset by termination experience being different than expected.

The following illustrates the effect on the pension obligations of changing the estimated rates of inflation, salary escalation and discount rate.

	Long-term Assumptions					
	Inflation*		Salary		Discount Rate	
Effect on Pension Obligations	3.5%	1.5%	4.5%	2.5%	6.50% for 3 years, 4.7% thereafter	4.50% for 3 years, 2.7% thereafter
(Decrease) increase in obligation	(3.2%)	3.4%	0.02%	(0.02%)	(8.9%)	10.6%

* A change in the inflation rate of 1% has a corresponding change in the discount rate and salary scale of 1%.

6. Due from General Revenue Fund

The STC Fund and the AntiTB Fund bank accounts are included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan.

Each Fund's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis using the Government's thirty-day borrowing rate and the Fund's average daily bank account balance. The Government's average thirty-day borrowing rate in the current year was 1.05% (2011– 0.80%).

7. Deficiency Contribution from the General Revenue Fund

Under Section 40 of *The Public Service Superannuation Act,* all funds received by the Board for the PSSF are recorded as revenue of the General Revenue Fund. No funds are set aside for the payment of future benefits. All allowances and other payments are made out of the General Revenue Fund. The transactions relating to employers' and employees' contributions, superannuation allowances and refunds and transfers are recorded in these financial statements for accountability purposes.

Any deficiency of allowances and other payments over employers' and employees' contributions are recorded as a Deficiency Contribution from the General Revenue Fund. The administration costs of the PSSF are borne by the General Revenue Fund (see Note 8).

Subsections 60.1(12) and 60.2(13) of *The Public Service Superannuation Act* states that if there is insufficient money in the STC Fund and the AntiTB Fund to pay allowances or make other payments, the Minister of Finance is obligated to pay any such deficiency out of the General Revenue Fund.

8. Related Party Transactions

The annual operating expenditures associated with the administration of the STC Fund and AntiTB Fund are paid to the Public Employees Benefits Agency Revolving Fund except for investment management fees incurred for the STC Fund which are paid directly to Greystone Managed Investments Inc.

	2012 (000's)						2011 (000's)		
	AntiTB		STC		Total		AntiTB	STC	Total
	Budget	Actual	Budget	Actual	Budget	Actual	Actual	Actual	Actual
Administration costs	$13	$13	$41	$39	$54	$52	$10	$34	$44
Actuarial Fees	7	6	7	6	14	12	2	2	4
Investment management fees	-	-	19	16	19	16	-	19	19
	$20	$19	$67	$61	$87	$80	$12	$55	$67

In accordance with subsection 3(3) of *The Public Service Superannuation Act*, all general administrative and employee costs required for the administration of the Public Service Superannuation Fund are paid out of the General Revenue Fund. Accordingly, no provision for these costs is included in these financial statements. Administration costs for the year were $1,229,309 (2011 - $1,172,052). Actuarial fees for the year were $16,308 (2011 - $4,924).

9. Fair Value of Financial Assets and Financial Liabilities

For the following financial instruments, the fair value approximates their carrying value due to their immediate or short-term nature:

a) Due from General Revenue Fund
b) Employees' contributions receivable
c) Employers' contributions receivable
d) Other receivables
e) Contributions payable to General Revenue Fund
f) Accounts payable and accrued liabilities

Calculation of the fair value of investments is disclosed in Note 3.

The fair value of pension obligations cannot be readily determined, however, information about the estimated provision is provided in Note 5.

10. Investment Performance

The investment manager makes day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives set by the Board. The Board reviews the investment performance of the STC Fund in terms of the performance of the benchmark portfolio over four-year rolling periods. The primary long-term investment performance objective for the entire portfolio is to outperform a benchmark portfolio.

The following is a summary of the STC Fund's investment performance:

	2012	2011	Rolling Four-year Average Annual Return
Fund's actual rate of return (a)	4.0%	8.8%	4.0%
Fund's benchmark (b)	5.2%	7.9%	4.2%

(a) The annual returns are before deducting investment expenses.
(b) The Fund's benchmark for its investment portfolio has been calculated using the actual returns of the following indices: The Standard & Poors (S&P) / Toronto Stock Exchange Capped Composite Index, the S&P 500 (Canadian dollars) Index, the Morgan Stanley Capital International Europe, Australasia and Far East Index (Canadian dollars), the DEX Universe Bond Index, and the DEX 91-Day Treasury Bill Index.

11. Financial Risk Management

The nature of the Plan's operations results in a statement financial position that consists primarily of financial instruments. The risks that arise are credit risk, market risk (consisting of interest rate risk, foreign exchange risk and equity price risk) and liquidity risk.

Significant financial risks are related to the STC Fund's investments. These financial risks are managed by having an investment policy, which is approved annually by the Board. The investment policy provides guidelines to the STC Fund's investments managers for the asset mix of the portfolio regarding quality and quantity of fixed income and equity investments. The asset mix helps to reduce the impact of market value fluctuations by requiring investments in different asset classes and in domestic and foreign markets. The Board reviews regular compliance reports from its investment managers and custodian as to their compliance with the investment policy. The Board also reviews regular compliance reports from its custodian as to the investment managers' compliance with the investment policy.

Credit risk

Credit risk is the risk that one party does not pay funds owed to another party. The Plan's credit risk arises primarily from accounts receivable and fixed income investments. The maximum credit risk to which it is exposed at March 31, 2012 is limited to the carrying value of the financial assets summarized as follows:

	2012 Carrying value ($000's)	2011 Carrying value ($000's)	April 1, 2010 Carrying value ($000's)
Employee contributions receivable	$ 5	$ 8	$ 60
Employers contributions receivable	3	5	22
Other receivables	-	4	41
Due from the General Revenue Fund	4	12	7
Deficiency Contribution due from GRF	289	193	-
Fixed income investments[1]	3,280	4,302	5,344

[1] Includes the fixed income and money market pooled funds.

Employee and employer contributions receivable are generally received in less than 30 days. Credit risk within investments is primarily related to the money market pooled fund and the fixed income pooled fund. It is managed through the investment policy that limits fixed term investments to those of high credit quality (minimum rating for bonds is BBB, short-term investments is R-1) along with limits to the maximum notional amount of exposure with respect to any one issuer.

Market risk

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates and equity prices. Market risk primarily impacts the value of investments.

Interest rate risk

The STC Fund is exposed to changes in interest rates in its fixed income pooled fund. Duration is a measure used to estimate the extent market values of fixed income instruments change with changes in interest rates. Using this measure, it is estimated that a 100 basis point change in interest rates would change the net assets available for benefits and the unfunded liability by $0.18 million at March 31, 2012 representing 6.2% of the $2.9 million fair value of fixed income pooled funds.

Foreign exchange

The STC Fund is subject to changes in the U.S. dollar exchange through its U.S. equity pooled fund. Also, the STC Fund is exposed to EAFE (Europe, Australasia and Far East) currencies through its investment in EAFE equity pooled fund. Exposure to both U.S. and non-North American equity pooled funds is limited to a maximum 20% each of the market value of the total investment portfolio. At March 31, 2012, the STC Fund's exposure to the U.S. equity pooled fund was 10.9% (2011 – 11.7%) and its exposure to non-north American equity pooled fund was 10.4% (2011 – 11.2%).

At March 31, 2012, a 10% change in the Canadian dollar versus U.S. dollar exchange rate would result in approximately a $0.06 million change in the net assets available for benefits and the unfunded liability. A 10% change in the Canadian dollar versus the EAFE currencies would result in approximately a $0.05 million change in the net assets available for benefits and the unfunded liability.

Equity prices

The STC Fund is exposed to changes in equity prices in Canadian, U.S. and EAFE markets. Equity pooled funds comprise 36.7% (2011 – 38.9%) of the carrying value of the STC Fund's total investments. Individual pooled funds are diversified by geography, industry type and corporate entity. No one investee represents greater than 10% of the market value of the STC Fund.

The following table indicates the approximate change that could be anticipated to both the increase in net assets available for benefits and unfunded liability based on changes in the STC Fund's benchmark indices March 31, 2012:

	(Change in $000's)	
	10% increase	10% decrease
S&P/TSX Composite Index	$80	$(80)
S&P 500 Index	57	(57)
MSCI EAFE Index	54	(54)

Liquidity risk

Liquidity risk is the risk that the Plan is unable to meet its financial obligations as they fall due. Cash resources are managed on a daily basis based on anticipated cash flows. Accounts payable and accrued liabilities will be paid within the next fiscal period.

12. Cash Flow Forecast

The total cash inflows are the amount of contributions expected to be received by the pension plan. The total cash outflows are the amounts required to pay all pension obligations. The forecast of cash inflows and outflows have been determined using the long-term assumptions outlined in Note 5. The expected net cash flows are based on actual dollar forecasts unadjusted for inflation. The cash required for PSSF is the amount by which the cash outflows exceed cash inflows and is forecast to the end of the year 2042.

Year	Cash Inflows (000's)	Cash Outflows (000's)	Cash Required (000's)
2012-2013	$ 187	$ 142,886	$ 142,699
2013-2014	64	139,483	139,419
2014-2015	29	137,432	137,403
2015-2016	16	135,053	135,037
2016-2017	3	132,340	132,337
Total within 5 years	$ 299	$ 687,194	$ 686,895
Total 5 - 10 years	$ -	$ 616,102	$ 616,102
Total 11 - 30 years	$ -	$1,706,774	$1,706,774

The estimated net cash outflows for the AntiTB Fund for the next five years is $1.5 million, for the next 10 years $2.4 million and for the next 30 years $3.6 million. The estimated net cash outflows for the STC Fund for the next five years is $9.4 million, for the next 10 years $18.0 million, and for the next 30 years $37.4 million.

13. Details of contributions, refunds and transfers

During the year, contributions were as follows ($000):

Required employees' contributions	$ 888
Employees' past service contributions	52
Required employers' contributions (current service)	211
Total (Statement 2)	$1,151

During the year, refunds and transfers were as follows ($000):

Termination refunds	$ 142
Death benefits	358
Marital breakdowns	67
Total (Statement 2)	$ 567

14. Capital Management

The STC Fund receives new capital from employee and employer contributions. The STC Fund also benefits from income and market value increase on its invested capital. The STC Fund's capital is invested in a number of pooled funds including equity funds, fixed income fund, and money market fund. The Minister has delegated the operational investment decisions to Greystone Managed Investments Inc. as defined in the STC Fund's Statement of Investment Policies and Goals.

15. Comparative Figures

Certain of the prior year's figures have been reclassified to conform to the presentation adopted for the current year.

Appendix 'A'

Description of Market Indices

S&P/TSX Composite Index

Effective May 1, 2002, the TSE 300 index is now known as the S&P/TSX Composite Index. The index comprises approximately 71 per cent of market capitalization for Canadian-based, Toronto Stock Exchange listed companies. It is calculated on a float market capitalization and is the broadest Canadian equity index available. The index also serves as the premier benchmark for Canadian pension funds and mutual market funds.

S&P/TSX Capped Composite Index

S&P/TSX CPMS Cap 10 Index is a capitalization-weighted index comprised of all of the stocks included in the S&P/TSX Composite Index. The float capitalization weight of any stock that exceeds 10% of the S&P/TSX Composite Index is capped at 10% of the CPMS Cap 10 Index on a daily basis.

S&P 500

Standard & Poor's 500 Composite Stock Index consists of the largest 500 companies in the United States chosen for market size, liquidity and industry group representation. It is a market-value weighted index, with each stock's weight in the index proportionate to its market value. For the purposes of this report, the S&P Index returns are converted from U.S. dollars into Canadian dollars and, therefore, reflect currency gains or losses.

MSCI EAFE

Morgan Stanley Capital International Europe, Australasia and Far East Index is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 21 European and Pacific Basin Countries and includes reinvestment of all dividends. This index aims to capture 85% of the free float adjusted market capitalization in each industry group in each country. Individuals cannot invest directly in an index. The index is computed on a float-based capitalization.

DEX Universe Bond Index

Formerly the SC Universe Bond Index, the DEX Universe Bond Index covers all marketable Canadian bonds with term to maturity of more than one year. The Universe contains over 1,000 marketable Canadian bonds with an average term of 10 years and an average duration of 6.5 years. The purpose of the index is to reflect the performance of the broad "Canadian Bond Market" in a similar manner to the S&P/TSX Composite Index.

DEX 91-Day T-Bill Index

Canada Treasury Bills represent the highest quality short-term instruments available. The index is constructed by selling and repurchasing Government of Canada T-Bills with an average term to maturity of 91 days. The DEX 91-Day T Bill Index is calculated and marked to market daily. Prior to June 2007, it was known as the SC 91-Day Treasury Bond Index.